

This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 2273

LISTED SEPTEMBER 8, 1967
7,000,000 shares without par value
Ticker Symbol "PIN"
Dial Quotation Number 1571
Post Section 4.6

OCT 29 1967

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

PINNACLE PETROLEUMS LTD.

Incorporated under the Companies Act of the Province of Alberta
as a Limited Company

1. Address of the Company's Head Office and of any other offices:
501 Petroleum Building, Calgary, Alberta.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
President	Kiyoshi Yoshida	No. 4, 1-Chome, Ohtemachi, Chiyoda-Ku, Tokyo, Japan.	Executive
Senior Vice-President	Toshiro Tamano	Ste. 7-230-21st Avenue S.W., Calgary, Alberta.	Executive
Vice-President, Treasurer, Asst. Secretary	Isamu Kato	Ste. 2211 Charter Towers, 614-5th Ave. S.W., Calgary.	Executive
Vice-President	Robert Campbell Todd	Sub. P.O. 46, Calgary, Alberta.	Geologist
Vice-President	Robert Howard O'Connor	3033-6th Street S.W., Calgary, Alberta.	Geologist
Secretary	John McGillivray Johnson	320-39th Avenue S.W., Calgary, Alberta.	Solicitor

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
Kiyoshi Yoshida	No. 4, 1-Chome, Ohtemachi, Chiyoda-Ku, Tokyo, Japan.	Executive
Toshiro Tamano	Ste. 7-230-21st Avenue S.W., Calgary, Alberta.	Executive
Isamu Kato	Ste. 2211 Charter Towers, 614-5th Avenue S.W., Calgary.	Executive
Takeshi Sakurauchi	1101 The United Kingdom Building, 409 Granville Street, Vancouver 2.	Executive
Robert Campbell Todd	Sub. P.O. 46, Calgary, Alberta.	Geologist
Robert Howard O'Connor	3033 Sixth Street S.W., Calgary, Alberta.	Geologist
Hugh Mackay Considine	740-15th Avenue S.W., Calgary, Alberta.	Solicitor
John McGillivray Johnson	320-39th Avenue S.W., Calgary, Alberta.	Solicitor
Allan Laird	Suite 914, 1111 West Hastings Street, Vancouver 1, British Columbia.	Executive

4. Names and addresses of all transfer agents:

MONTREAL TRUST COMPANY at its principal offices in Calgary, Vancouver, Montreal and Toronto.

5. Particulars of any fee charged upon transfer other than customary government taxes:

The first certificate issued to any one shareholder is free. Additional certificates issued at the same time to the same shareholder are charged fifty cents for each additional certificate.

6. Names and addresses of all registrars:

MONTREAL TRUST COMPANY at its principal offices in Calgary, Vancouver, Montreal and Toronto.

7. Amount of authorized capital: \$10,000,000.00.

8. Number of shares and par value: 7,000,000 shares without nominal or par value.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

Date	Number of Shares	Brief description of the properties or other assets and the aggregate consideration therefor, expressed in cash, shares, etc.
August 3, 1966	40,000)	Issued at 40 cents per share in satisfaction of a note for \$150,000 payable by the Company to Canadian Enterprise Development Corporation Limited.
April 13, 1967	335,000)	
January 16, 1967	246,780)	Issued in exchange for all the outstanding shares of Baldonnel Oil & Gas Ltd.
April 13, 1967	3,220)	
Total	625,000)	

10. Full details of all shares sold for cash.	Date	Number of Shares	Price per Share	Amount realized by Company
	1959	2	\$1.00	\$ 2.00
	1962	1	1.00	1.00
	Sept. 25, 1963	599,998	.01¢	5,999.98
	Oct. 21, 1963	149,999	.06 2/3 ¢	9,999.93
	Jan. 15, 1964	50,000	.13 ¢	6,500.00
	May 29, 1964	125,000	.20 ¢	25,000.00
	March 25, 1965	125,000	.40 ¢	50,000.00
	Jan. 4, 1966	100,000	.40 ¢	40,000.00
	Jan. 25, 1966	200,000	.40 ¢	80,000.00
	Sept. 1, 1966	300,000	.60 ¢	180,000.00
	July 21, 1967	1,250,000	\$1.45	1,812,500.00
	Total	2,900,000		\$2,210,002.91
11. Total number of shares issued:	3,525,000.			
12. Number of shares now in treasury or otherwise unissued.	3,475,000.			
13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes.	None.			
14. Date of last annual meeting.	November 15, 1966.			
15. Date of last report to shareholders.	October 31st, 1966			
16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated.	<p>(i) Pursuant to the terms of an agreement dated April 13, 1967, as amended by supplemental agreement dated May 29, 1967, Japex Canada Limited is obligated to purchase and pay for 250,000 shares, at the price of \$1.45 per share, on July 21, 1968 or such earlier date as Japex Canada Limited may designate.</p> <p>(ii) On November 18, 1966 options totalling 152,500 shares were granted to certain directors, officers and employees. Under the terms of the option agreements one-fifth of the shares may be purchased after December 1st, in each of the years 1967 to 1971, inclusive, the right to purchase being cumulative and unless sooner exercised or terminated by termination of employment, continuous until December 31, 1976. The option price per share is \$1.35.</p>			

17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed.	<p>The following persons are directors and/or employees of the Company and hold the options referred to in item 16 (ii):</p> <table> <tr> <td>T. Tamano</td><td>Ste. 7, 230-21st Avenue, S.W., Calgary, Alberta.</td></tr> <tr> <td>R. C. Todd</td><td>Sub P.O. 46, Calgary, Alberta.</td></tr> <tr> <td>R. H. O'Connor</td><td>3033-6th Avenue, S.W., Calgary, Alberta.</td></tr> <tr> <td>I. Kato</td><td>Ste. 2211 Charter Towers, 614-5th Avenue, S.W., Calgary, Alberta.</td></tr> <tr> <td>M. A. Tkachyk</td><td>32 Winchester Crescent, Calgary, Alberta.</td></tr> <tr> <td>L. Alho</td><td>R. R. # 2, Box 21, Site 3, Calgary, Alberta.</td></tr> <tr> <td>E. P. Kenney</td><td>5104 Nesbitt Road, Calgary, Alberta.</td></tr> <tr> <td>M. N. Chernoff</td><td>6116 Lewis Drive, Calgary, Alberta.</td></tr> <tr> <td>Y. Takeuchi</td><td>2306 Sundial Apartments, Calgary, Alberta.</td></tr> <tr> <td>M. Nagata</td><td>411 Acadia Drive, Calgary, Alberta.</td></tr> <tr> <td>T. Toba</td><td>5012 Carney Road, N.W., Calgary, Alberta.</td></tr> <tr> <td>J. D. Madder</td><td>505 Sunderland Avenue, S.W., Calgary, Alberta.</td></tr> <tr> <td>H. M. Considine</td><td>Ste. 35, 740-15th Avenue, S.W., Calgary, Alberta.</td></tr> </table>	T. Tamano	Ste. 7, 230-21st Avenue, S.W., Calgary, Alberta.	R. C. Todd	Sub P.O. 46, Calgary, Alberta.	R. H. O'Connor	3033-6th Avenue, S.W., Calgary, Alberta.	I. Kato	Ste. 2211 Charter Towers, 614-5th Avenue, S.W., Calgary, Alberta.	M. A. Tkachyk	32 Winchester Crescent, Calgary, Alberta.	L. Alho	R. R. # 2, Box 21, Site 3, Calgary, Alberta.	E. P. Kenney	5104 Nesbitt Road, Calgary, Alberta.	M. N. Chernoff	6116 Lewis Drive, Calgary, Alberta.	Y. Takeuchi	2306 Sundial Apartments, Calgary, Alberta.	M. Nagata	411 Acadia Drive, Calgary, Alberta.	T. Toba	5012 Carney Road, N.W., Calgary, Alberta.	J. D. Madder	505 Sunderland Avenue, S.W., Calgary, Alberta.	H. M. Considine	Ste. 35, 740-15th Avenue, S.W., Calgary, Alberta.
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18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Nil.																										
19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control.	2,405,400 shares owned by Japex Canada Limited, Canadian Enterprise Development Corporation Ltd. and certain other shareholders of the Company including Messrs. R. H. O'Connor, R. C. Todd and H. M. Considine, Directors, are subject to an agreement dated June 10, 1966 whereby the parties to said agreement have a first right of refusal on a sale of any of such shares.																										
20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	<table> <tr> <td>Japex Canada Limited, 701 Petroleum Building, Calgary, Alberta.</td><td>1,662,995 shares</td></tr> <tr> <td>Canadian Enterprise Development Corporation Limited, 966 Sun Life Building, Montreal, Quebec.</td><td>337,000 shares</td></tr> </table>	Japex Canada Limited, 701 Petroleum Building, Calgary, Alberta.	1,662,995 shares	Canadian Enterprise Development Corporation Limited, 966 Sun Life Building, Montreal, Quebec.	337,000 shares																						
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21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>The five largest registered shareholders of the Company are as follows:</p> <table> <tr> <th>NAME AND ADDRESS</th><th>SHARES</th></tr> <tr> <td>Japex Canada Limited, 701 Petroleum Building, Calgary, Alberta.</td><td>1,662,995 (subject to agreement referred to in item 19)</td></tr> <tr> <td>Bongard, Leslie & Co. Ltd., 20 King Street West, Toronto, Ontario. (not beneficial owner)</td><td>408,050</td></tr> <tr> <td>Canadian Enterprise Development Corporation Limited, Suite 914, 1111 West Hastings Street, Vancouver 1, British Columbia.</td><td>337,000 (subject to agreement referred to in item 19)</td></tr> <tr> <td>R. C. Todd, Sub P.O. 46, Calgary, Alberta.</td><td>105,000 (subject to agreement referred to in item 19)</td></tr> <tr> <td>Robert Howard O'Connor, 3033-6th Street, S.W., Calgary, Alberta.</td><td>100,400 (subject to agreement referred to in item 19)</td></tr> </table>	NAME AND ADDRESS	SHARES	Japex Canada Limited, 701 Petroleum Building, Calgary, Alberta.	1,662,995 (subject to agreement referred to in item 19)	Bongard, Leslie & Co. Ltd., 20 King Street West, Toronto, Ontario. (not beneficial owner)	408,050	Canadian Enterprise Development Corporation Limited, Suite 914, 1111 West Hastings Street, Vancouver 1, British Columbia.	337,000 (subject to agreement referred to in item 19)	R. C. Todd, Sub P.O. 46, Calgary, Alberta.	105,000 (subject to agreement referred to in item 19)	Robert Howard O'Connor, 3033-6th Street, S.W., Calgary, Alberta.	100,400 (subject to agreement referred to in item 19)														
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22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	Japex Canada Limited, 701 Petroleum Building, Calgary, Alberta.																										
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	A receipt was issued by the Ontario Securities Commission on July 10, 1967 for the Company's prospectus dated June 26, 1967 relating to an offering of 750,000 shares to the public. The prospectus was also filed in the other Provinces except Manitoba, Newfoundland and P.E.I.																										

24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No.																																																																																																																																																																
25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<div>1. The Company and its wholly owned subsidiary Baldonnel Oil & Gas Ltd. have obtained production loans under Section 82 of The Bank Act with interest at 6% per annum. As at July 31st, 1967, the amount of Pinnacle's loan was \$200,108.54 and the amount of Baldonnel's loan was \$80,151.32. These loans are secured by the pledge of certain producing oil properties and the revenues therefrom. Although the loans are payable on demand, under the agreed terms of repayment approximately \$100,000.00 will be required to be repaid in the next 12 months.</div> <div>2. Pursuant to the terms of a Farmout Agreement from Andex Oil Co. Ltd. to the Company and Japex Canada Limited the Company and Japex have signed a non-interest bearing Promissory Note for \$179,861.40, payable in three instalments of \$59,953.80 on or before November 25th, in each of the years 1967 to 1969 inclusive, representing the unpaid balance of the purchase price of certain Exploratory Permits in the Northwest Territories. Under its arrangements with Japex the Company's share of this obligation is \$44,965.35 payable in three equal instalments on or before November 25th in each of the years 1967 to 1969 inclusive.</div>																																																																																																																																																																
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The Company owns all of the outstanding shares of Baldonnel Oil & Gas Ltd. which were obtained in exchange for 250,000 shares of the Company issued pursuant to an offer to the shareholders of Baldonnel dated December 16, 1966. The value placed by the Company on these shares is \$337,500. which is \$131,569 over the net book value of the Baldonnel shares at December 31, 1966. No market value is available for the Baldonnel shares.																																																																																																																																																																
27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: (a) Properties owned where titles vested in Company. (b) Properties leased. (c) Properties otherwise held. Give particulars of title held by the Company in each instance (e.g. patented, unpatented, Crown granted, held under mining license, perpetual lease, etc.)	<div>The following table summarizes the properties in which the Company and Baldonnel own petroleum rights showing the gross acres and the net acres attributable to the Company's or Baldonnel's interest.</div> <table><tr><th>GEOGRAPHICAL AREA</th><th>TYPE OF OWNERSHIP INTEREST</th><th>GROSS ACRES</th><th>NET ACRES</th></tr><tr><td colspan="4">Alberta</td></tr><tr><td>Big Stone</td><td>Leasehold</td><td>3,266</td><td>406</td></tr><tr><td>Big Valley</td><td>Leasehold</td><td>320</td><td>320</td></tr><tr><td>Bushe River</td><td>Permit</td><td>27,515</td><td>3,439</td></tr><tr><td>Caribou Mountain</td><td>Reservation (Farmout & Option)</td><td>80,000</td><td>10,000</td></tr><tr><td>Cassils</td><td>Leasehold</td><td>1,280</td><td>327</td></tr><tr><td>Chauvin</td><td>Leasehold</td><td>160</td><td>160</td></tr><tr><td>Cheddarville</td><td>Leasehold</td><td>4,800</td><td>2,160</td></tr><tr><td>Cynthia</td><td>Leasehold</td><td>160</td><td>40</td></tr><tr><td>Duhamel</td><td>Leasehold</td><td>320</td><td>320</td></tr><tr><td>Edson</td><td>Leasehold</td><td>160</td><td>160</td></tr><tr><td>Ferintosh</td><td>Leasehold</td><td>960</td><td>960</td></tr><tr><td>Fort Vermillion</td><td>Leasehold (Farmout & Option)</td><td>42,560</td><td>5,320</td></tr><tr><td>Hamilton Lake West</td><td>Leasehold</td><td>30,910</td><td>6,102</td></tr><tr><td>Hamilton Lake West</td><td>Option</td><td>7,975</td><td>1,595</td></tr><tr><td>Kitu</td><td>Leasehold</td><td>320</td><td>34</td></tr><tr><td>Lacombe</td><td>Leasehold</td><td>960</td><td>960</td></tr><tr><td>Lake McGregor</td><td>Leasehold</td><td>6,240</td><td>580</td></tr><tr><td>Lundbreck</td><td>Leasehold</td><td>390</td><td>390</td></tr><tr><td>Nipisi South</td><td>Leasehold</td><td>3,520</td><td>220</td></tr><tr><td>Pembina</td><td>Leasehold</td><td>2,080</td><td>660</td></tr><tr><td>Penhold</td><td>Leasehold</td><td>160</td><td>160</td></tr><tr><td>Rainbow</td><td>Leasehold</td><td>320</td><td>80</td></tr><tr><td>Rainbow</td><td>Drilling Reservation</td><td>7,040</td><td>880</td></tr><tr><td colspan="4">Northwest Territories</td></tr><tr><td>Blackwater Lake</td><td>Permit</td><td>599,538</td><td>127,401</td></tr><tr><td colspan="4">Saskatchewan</td></tr><tr><td>Abbey</td><td>Permit</td><td>79,520</td><td>23,060</td></tr><tr><td>Baxterville</td><td>Permit</td><td>100,000</td><td>23,037</td></tr><tr><td>Benson</td><td>Leasehold</td><td>800</td><td>200</td></tr><tr><td>Chaplin Lake</td><td>Permit</td><td>99,840</td><td>28,953</td></tr><tr><td>Craik</td><td>Leasehold</td><td>8,117</td><td>8,117</td></tr><tr><td>Doddsland Eureka</td><td>Leasehold</td><td>1,030</td><td>354</td></tr><tr><td>Fillmore</td><td>Leasehold</td><td>480</td><td>44</td></tr><tr><td>Forget</td><td>Leasehold</td><td>1,280</td><td>435</td></tr><tr><td>Kelvindale</td><td>Leasehold</td><td>640</td><td>409</td></tr><tr><td>Kisbey</td><td>Leasehold</td><td>400</td><td>136</td></tr><tr><td>Midale</td><td>Leasehold</td><td>1,440</td><td>924</td></tr><tr><td>Mosquito</td><td>Permit</td><td>23,045</td><td>5,761</td></tr></table>	GEOGRAPHICAL AREA	TYPE OF OWNERSHIP INTEREST	GROSS ACRES	NET ACRES	Alberta				Big Stone	Leasehold	3,266	406	Big Valley	Leasehold	320	320	Bushe River	Permit	27,515	3,439	Caribou Mountain	Reservation (Farmout & Option)	80,000	10,000	Cassils	Leasehold	1,280	327	Chauvin	Leasehold	160	160	Cheddarville	Leasehold	4,800	2,160	Cynthia	Leasehold	160	40	Duhamel	Leasehold	320	320	Edson	Leasehold	160	160	Ferintosh	Leasehold	960	960	Fort Vermillion	Leasehold (Farmout & Option)	42,560	5,320	Hamilton Lake West	Leasehold	30,910	6,102	Hamilton Lake West	Option	7,975	1,595	Kitu	Leasehold	320	34	Lacombe	Leasehold	960	960	Lake McGregor	Leasehold	6,240	580	Lundbreck	Leasehold	390	390	Nipisi South	Leasehold	3,520	220	Pembina	Leasehold	2,080	660	Penhold	Leasehold	160	160	Rainbow	Leasehold	320	80	Rainbow	Drilling Reservation	7,040	880	Northwest Territories				Blackwater Lake	Permit	599,538	127,401	Saskatchewan				Abbey	Permit	79,520	23,060	Baxterville	Permit	100,000	23,037	Benson	Leasehold	800	200	Chaplin Lake	Permit	99,840	28,953	Craik	Leasehold	8,117	8,117	Doddsland Eureka	Leasehold	1,030	354	Fillmore	Leasehold	480	44	Forget	Leasehold	1,280	435	Kelvindale	Leasehold	640	409	Kisbey	Leasehold	400	136	Midale	Leasehold	1,440	924	Mosquito	Permit	23,045	5,761
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27. (Continued)	<table><tr><td>Nottingham</td><td>Leasehold</td><td>2,240</td><td>280</td></tr><tr><td>Parkman</td><td>Leasehold</td><td>1,600</td><td>954</td></tr><tr><td>Pinto</td><td>Leasehold</td><td>240</td><td>174</td></tr><tr><td>Shackleton</td><td>Permit</td><td>98,880</td><td>28,675</td></tr><tr><td>Steelman</td><td>Leasehold</td><td>1,040</td><td>329</td></tr><tr><td>Weyburn</td><td>Leasehold</td><td>320</td><td>218</td></tr><tr><td colspan="4">Montana</td></tr><tr><td>Toole County</td><td>Leasehold</td><td>560</td><td>16</td></tr><tr><td colspan="4">Mining Claims</td></tr><tr><td colspan="4">The Company has also acquired an option on 97 uranium claims in Mesa County and Montrose County in the State of Colorado, U.S.A. comprising a total area of approximately 1,940 acres.</td></tr><tr><td colspan="4">Full details of the Company's and Baldonnel's interests in petroleum properties are on file with the Toronto Stock Exchange and are available for inspection there.</td></tr></table>	Nottingham	Leasehold	2,240	280	Parkman	Leasehold	1,600	954	Pinto	Leasehold	240	174	Shackleton	Permit	98,880	28,675	Steelman	Leasehold	1,040	329	Weyburn	Leasehold	320	218	Montana				Toole County	Leasehold	560	16	Mining Claims				The Company has also acquired an option on 97 uranium claims in Mesa County and Montrose County in the State of Colorado, U.S.A. comprising a total area of approximately 1,940 acres.				Full details of the Company's and Baldonnel's interests in petroleum properties are on file with the Toronto Stock Exchange and are available for inspection there.			
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28. Full particulars of any royalties or other charges payable upon production from each individual property.	<p>The Company's and Baldonnel's interests in the petroleum properties described in item 27 are subject to Lessors' royalties and, in some instances, to royalties payable to vendors.</p> <p>Full details of such royalties are on file with the Toronto Stock Exchange and are available for inspection there.</p>																																												
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	None.																																												
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None.																																												
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	None.																																												
32. Describe plant and equipment on property or properties.	The Company and its wholly owned subsidiary Baldonnel Oil & Gas Ltd. own varying interests in 91 oil wells representing a net interest to the Company and Baldonnel equivalent to 20.735 wholly owned oil wells. These wells are equipped with tubing, casing, pumps and other surface equipment required for the production of crude oil.																																												
33. Describe all development accomplished and planned.	<p>During the period since January 1st, 1963 the Company and its wholly owned subsidiary, Baldonnel Oil & Gas Ltd. obtained Farmouts from other companies on acreage offsetting or near production where the geological facts were such that the risk of drilling dry holes was low. In this manner the Company and Baldonnel have acquired crude oil reserves estimated at 4,187,640 barrels of which 2,530,140 are classified as proven developed, 881,620 as proven undeveloped and 775,880 as probable. To date the Company and Baldonnel have participated in the drilling of 129 wells of which 91 have been completed as oil wells capable of production and 38 have been abandoned as dry holes. The Company's interest in completed oil wells is the equivalent of 20.735 wholly owned wells to the Company and Baldonnel.</p> <p>Pursuant to the provisions of the Co-Venture Agreement entered into between the Company and Japex Canada Limited as of June 10th, 1966, under which the Company acts as Managing Operator, the Company intends to participate with Japex in all phases of exploration for oil and natural gas in Western Canada and the Northwest Territories. As Managing Operator under the Co-Venture Agreement the Company has already acquired substantial interests in Petroleum and natural gas rights in acreage which the Company's management believes to be favourable for the discovery of oil and natural gas. A program of exploration and drilling on these properties and on additional properties which the Company may acquire on behalf of itself and Japex has already been</p>																																												

33. (Continued)	<p>commenced and will continue during the initial term of the Co-Venture Agreement which ends on December 31st, 1971. The Company, with the consent of Japex, has also acquired and is presently exploring certain properties outside the terms of the Co-Venture Agreement.</p> <p>In addition the Company will participate in drilling a number of development wells on properties in which it owns an undivided 20% working interest in the Hamilton Lake West area of Alberta. It is estimated that the Company will spend up to \$143,000.00 for this purpose. The Company will also participate in drilling a number of development wells on properties in which it has varying working interests in the Parkman area in Saskatchewan at an estimated cost of \$73,320.00.</p> <p>The Company intends to carry out a preliminary drilling program, at an estimated cost of about \$27,000.00 (U.S.) on 97 uranium claims which the Company holds under option in Mesa County and Montrose County in the State of Colorado, U.S.A. comprising a total area of approximately 1,940 acres.</p>																								
34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.	<p>March 6, 1967 — W. J. McPherson, Consulting Ltd. Calgary.</p> <p>March 27, 1967 — James A. Lewis Engineering Co. Ltd., Calgary.</p> <p>March 17, 1967 — J. C. Sproule & Associates Ltd., Calgary.</p> <p>May 18, 1967 — Lee G. Morrison, P. Eng., Calgary.</p>																								
35. Full particulars of production to date.	<p>The net crude oil production of the Company and Baldonnel for the periods indicated is as follows:</p> <table><thead><tr><th></th><th>OIL (IN BARRELS)</th><th>GROSS SALE VALUE</th></tr></thead><tbody><tr><td>12 months ending September 30, 1963 . . .</td><td>64</td><td>\$ 153</td></tr><tr><td>12 months ending September 30, 1964 . . .</td><td>22,370</td><td>53,637</td></tr><tr><td>7 months ending April 30, 1965</td><td>51,863</td><td>124,352</td></tr><tr><td>12 months ending April 30, 1966</td><td>56,027</td><td>134,337</td></tr><tr><td>11 months to March 31, 1967</td><td>60,637</td><td>143,478</td></tr><tr><td>3 months to June 30, 1967</td><td>21,490</td><td>26,960</td></tr><tr><td>Total:</td><td>212,451</td><td>\$482,917</td></tr></tbody></table>		OIL (IN BARRELS)	GROSS SALE VALUE	12 months ending September 30, 1963 . . .	64	\$ 153	12 months ending September 30, 1964 . . .	22,370	53,637	7 months ending April 30, 1965	51,863	124,352	12 months ending April 30, 1966	56,027	134,337	11 months to March 31, 1967	60,637	143,478	3 months to June 30, 1967	21,490	26,960	Total:	212,451	\$482,917
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Total:	212,451	\$482,917																							
36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.	No.																								
37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.	<p>H. M. Considine, M.A., LLB.,</p> <p>McDonald & Considine,</p> <p>500 Petroleum Building,</p> <p>Calgary, Alberta.</p>																								
38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.	No.																								
(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so give particulars.	No.																								
(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.	No.																								
39. Particulars of the Officers and Directors of the Company are as follows:	<p>KIYOSHI YOSHIDA has been a Director of Japan Petroleum Exploration Co. Ltd. and, since 1966, has been a Managing Director.</p> <p>DR. TOSHIRO TAMANO has been employed by Japan Petroleum Exploration Co. Ltd. as Vice-Chief Overseas Department.</p> <p>ISAMU KATO has been a Vice-President and Treasurer of the Company since September, 1966 and previously was employed by Japan Petroleum Exploration Co. Ltd. as Vice-Chief in the office of the President until his appointment in March, 1966 as Acting Chief in the office of the President.</p>																								

A copy of this prospectus has been filed with the Registrar of Companies of the Province of Alberta.

No Securities Commission or similar authority in Canada has in any way passed upon the merits of the shares offered hereunder and any representation to the contrary is an offence.

NEW ISSUE

PINNACLE PETROLEUMS LTD.

750,000 Shares
(Without nominal or par value)

	Price to Public	Underwriting Discount	Proceeds to Company (1)
Per Share	\$1.62	\$0.17	\$1.45
Total (2)	\$810,000	\$85,000	\$725,000

Note (1): Before deducting expenses payable by the Company estimated not to exceed \$40,000.
Note (2): Based on 500,000 underwritten shares and without taking into account the additional 250,000 shares under option to the Underwriter.

The shares of this Company are traded on the unlisted market and during the ninety days preceding the date of this prospectus traded at prices ranging from \$1.60 to \$1.90 per share.

The business of exploring for petroleum, natural gas and related hydrocarbons in which the Company is engaged as described under the heading Business and Property on pages 4 to 8 of this prospectus is speculative and, consequently, **these shares are speculative securities**. Reference is also made to the heading Principal Holders of Shares on page 11 of this prospectus.

The projected net annual returns shown on page 7 of this prospectus are estimates only and do not necessarily indicate the results which may be realized.

TRANSFER AGENT AND REGISTRAR
Montreal Trust Company — Calgary, Vancouver, Montreal and Toronto.

These shares are offered by Bongard, Leslie & Co. Ltd. and other registered securities dealers, severally as principals, subject to prior sale and change in price, if, as, and when issued and accepted by Bongard, Leslie & Co. Ltd., and subject to the approval of all legal matters on behalf of the Company by Messrs. McDonald & Considine, Calgary, Alberta, and on behalf of Bongard, Leslie & Co. Ltd. by Messrs. Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton, Calgary, Alberta, who may rely on the opinion of Counsel for the Company in respect to all matters of titles.

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THE COMPANY

Pinnacle Petroleum Ltd. (the "Company") was incorporated under The Companies Act (Alberta) as a private company by Certificate of Incorporation dated September 8, 1959. By Certificate of the Registrar of Companies dated October 18, 1962, the Company was converted into a public company. By special resolution of the shareholders of the Company, passed on August 31, 1962, whereof a copy was filed with the Registrar of Companies of Alberta on October 18, 1962, the provisions of the Memorandum of Association of the Company were amended so as to increase its authorized capital from 20,000 shares without nominal or par value to be issued for a maximum price or consideration not exceeding in the aggregate the sum of \$20,000 to 3,000,000 shares without nominal or par value to be issued for a maximum price or consideration not exceeding in the aggregate the sum of \$3,000,000, by the creation of 2,980,000 new shares without nominal or par value. By a further special resolution of the shareholders of the Company, passed on April 3, 1967, whereof a copy was filed with the said Registrar on April 13, 1967, the provisions of the Memorandum of Association of the Company were further amended so as to increase its authorized capital to 7,000,000 shares without nominal or par value which may be issued for a maximum price or consideration not exceeding in the aggregate the sum of \$10,000,000, by the creation of 4,000,000 new shares without nominal or par value. The Company's head office and principal office is located at 501 Petroleum Building, Calgary, Alberta.

MATERIAL CONTRACTS

The dates and parties to and the general nature of every material contract entered into by the Company and its subsidiary, Baldonnel Oil & Gas Ltd., within the two years preceding the date hereof, other than the Underwriting Agreement referred to under the heading "DISTRIBUTION", on page 4 hereof, are as follows:

Share Purchase Agreement

Pursuant to an agreement (the "Share Purchase Agreement") made as of June 10, 1966, between Japan Petroleum Exploration Co. Ltd. ("Japan Exploration"), of the first part, certain shareholders of the Company including Messrs. R. H. O'Connor, R. C. Todd and H. M. Considine (the "Sponsors"), of the second part, Canadian Enterprise Development Corporation Limited ("CED"), of the third part, and the Company of the fourth part, Japex Canada Limited ("Japex"), a wholly-owned subsidiary of Japan Exploration and the assignee of all the right, title and interest of Japan Exploration in and to the Share Purchase Agreement, acquired at the price of 60 cents per share from the Sponsors and CED a total of 863,000 shares, (whereof Messrs. O'Connor, Todd and Considine each sold 100,000 shares) being approximately 50.1% of the total shares of the capital stock of the Company then issued or reserved for issuance. Reference is made to the heading Japan Petroleum Exploration Co. Ltd. and Japex Canada Limited on page 4 of this prospectus for information respecting these companies.

In and by the Share Purchase Agreement, it was further provided, amongst other things, as follows:

- (a) Japan Exploration was granted the option, exercisable on or before December 31, 1966, to purchase a further 300,000 treasury shares of the capital stock of the Company at a price of 60 cents per share (which option was duly exercised by Japex);
- (b) Japan Exploration and the Company agreed forthwith to enter into the Co-Venture Agreement, (hereinafter mentioned) and that, subject to necessary yearly approvals of the Government of Japan, Japan Exploration, prior to December 31, 1971, shall invest \$3,750,000 under such Co-Venture Agreement and shall also advance to the Company, either by way of loan or as payment for shares or evidences of indebtedness of the Company, to the extent necessary to enable the Company to meet its corresponding obligations under the Co-Venture Agreement, sums not exceeding in the aggregate \$1,250,000;
- (c) in the event that at any time prior to December 31, 1971 the Company proposes to sell any additional shares (other than the said 300,000 optioned shares) Japan Exploration, CED and each of the Sponsors shall have the right to purchase such shares in the proportions in which they then own shares of the Company at the price at which such shares are proposed to be sold; and, in the event that any one of such parties declines to purchase his proportion of such shares, the other parties shall have the right to purchase proportionately the shares which such party has the right to purchase and does not wish to purchase (Japex, CED and each of the Sponsors have waived such right to purchase the shares offered by this prospectus);
- (d) Japan Exploration, CED and each of the Sponsors severally agreed, each with the other, that in the event, prior to December 31, 1971, it or he desires to sell any of its or his shares in the Company, it or he will first offer to sell such shares to the others of such parties in proportion to their respective holdings of shares in the Company; and, in the event that any one of such parties declines to purchase his proportion of such shares, the other parties shall have the right to purchase proportionately the shares which such party has the right to purchase and does not wish to purchase, all subject to the provisions specified therein; and
- (e) conditions precedent to the obligations of the parties to the Share Purchase Agreement were, amongst others, that the approval of the Government of Japan thereto should be obtained (and it was so obtained) and that the said Co-Venture Agreement should be duly executed and delivered by the parties named therein.

Co-Venture Agreement

The said Co-Venture Agreement (the "Co-Venture Agreement") was duly made as of June 10, 1966, between Japan Exploration and the Company and was assigned by Japan Exploration to Japex on August 11, 1966, and it was thereby agreed, amongst other things, as follows:

- (a) Japex and the Company thereby constituted, established and joined in a joint venture for the purposes of prospecting and exploring for oil and gas in Western Canada, and acquiring and developing oil and gas properties, all in accordance with the terms and provisions therein set forth;
- (b) the Company was thereby designated Managing Operator of and for the joint venture subject to all of the terms and provisions of the Joint-Venture Agreement;
- (c) except as otherwise therein provided, the parties thereto shall contribute to the fund required for the purposes of carrying on the joint venture as thereby constituted, bear all costs and expenses and burdens incurred thereunder, and hold and own all assets, rights and interests whatsoever arising therefrom or operations thereunder, all in the following respective undivided shares or interests:

Japex	75%
the Company	25%;
- (d) annually, prior to the beginning of each calendar year during the term thereof, the Company shall submit to Japex its proposed operating program for such calendar year; annually, after the coming into force of this agreement and at the beginning of each calendar year during the term thereof, Japex shall, having some regard to the proposed operating program for that calendar year previously submitted by the Company, designate the sum of money which is to be available for its participating interest share of the Co-Venture Fund for such calendar year, such sum in no event to be less than \$500,000 subject to necessary approval of the Government of Japan, and such designation shall determine the total amount of the Co-Venture Fund for that calendar year;
- (e) in the course of the operation of such joint venture, the Company may not, on behalf of the joint venture, make or enter into agreements or arrangements with third parties, acquire or dispose of contractual rights or working interests, make any payments of money which may be occasioned thereby from the Co-Venture Fund, or initiate the drilling of wells for the joint venture without the prior agreement of Japex, and, in the event of any failure to agree, the decision of Japex with reference to any such matters shall be final and binding on both parties;
- (f) except for the operation and development of lands held by the Company as of the date on which the Joint-Venture Agreement came into force, the Company shall not carry on the business of acquiring, exploring or developing oil and gas properties in Western Canada other than as part of the joint venture;
- (g) Japex shall at all times be free to acquire oil and gas properties in Western Canada and elsewhere, and to carry on the oil and gas business in all its facets in Western Canada or elsewhere, for its own account or with others, but in any event not subject in any way to this agreement, provided only, however, that any such acquisition and business shall be subject to the obligation of Japex to commit funds approved for expenditure in Canada by the Government of Japan to the Co-Venture Fund to the extent to which Japex has agreed so to do;
- (h) the Co-Venture Agreement shall remain in effect from the date upon which it comes into force until December 31, 1971, or such later dates as may be agreed to by the parties thereto, at which time any surplus amount in the Co-Venture Fund shall be distributed to the parties thereto in accordance with their respective participating interests; and
- (i) the Co-Venture Agreement shall not come into force prior to the written approval of the Government of Japan (which written approval was duly granted on August 5, 1966).

Loan Agreement with Japex

Reference is made to Note (2) under the heading Options on page 11 of this prospectus for particulars of the Loan Agreement dated December 2, 1966, between the Company and Japex.

Further Agreements with Japex

By agreement dated April 13, 1967, as amended by supplemental agreement dated May 29, 1967, the Company has agreed to sell and Japex has agreed to purchase as an investment, subject to the terms and conditions therein set forth and at the price of \$1.45 per share, (i) 500,000 shares, to be taken up and paid for at the closing of the sale and purchase of the same number of shares pursuant to the Underwriting Agreement (the promissory notes of the Company held by Japex in the aggregate principal amount of \$363,000 and accrued interest thereon, referred to under the heading, Options, on pages 10 and 11 of this prospectus, to be set off against such purchase price) and (ii) such number of additional shares as shall equal the aggregate number of shares purchased by the Underwriters pursuant to the option on 250,000 shares to be granted to the Underwriters pursuant to the Underwriting Agreement, such additional shares to be taken up and paid for on the first anniversary date from the date of such consummation, or at such earlier date as Japex may designate, such additional shares to be issued upon the payment in full therefor. Reference is made to Note (2) under the heading, Options, on page 11 of this prospectus.

Copies of the said contracts and the Underwriting Agreement may be inspected, at the head office of the Company, during usual business hours on any business day, during primary distribution of the shares offered by this prospectus.

Offer to Purchase Outstanding Shares of Baldonnel Oil & Gas Ltd.

Pursuant to an offer to the shareholders of Baldonnel Oil & Gas Ltd. ("Baldonnel") dated December 16, 1966, the Company has acquired all the outstanding shares of Baldonnel in exchange for 250,000 shares without nominal or par value of the capital stock of the Company.

DISTRIBUTION

Underwriting Agreement

By agreement dated April 13, 1967, as amended by supplemental agreement dated May 29, 1967 (the "Underwriting Agreement"), (i) the Company agreed to sell and Bongard, Leslie & Co. Ltd. (the "Underwriters") acting as underwriters on their behalf, agreed to purchase, subject to the terms and conditions therein set forth, an aggregate 500,000 shares, no more and no less, at the price of \$1.45 per share, to be paid on June 15, 1967, or such later date as shall be agreed, but not later than 15 days after this prospectus shall have been accepted for filing by the Securities Commissions or similar bodies in each of the Provinces of Canada other than Newfoundland and Prince Edward Island; and (ii) the Company agreed to grant to the Underwriters an option to purchase an additional 250,000 shares, at the price of \$1.45 per share, exercisable from time to time, in whole or in part, within 30 days following the date upon which the sale and purchase of the said 500,000 underwritten shares shall have been consummated.

JAPAN PETROLEUM EXPLORATION CO. LTD. AND JAPEX CANADA LIMITED

Japan Exploration was incorporated on December 1, 1955 under the laws of Japan, is sixty per cent owned by the Government of Japan, the remaining shareholders consisting of large Japanese oil and industrial companies and banks. Japan Exploration was incorporated for the specific purpose of exploring for and developing sources of crude oil and it is presently carrying on such operations, either directly or through subsidiaries, in Japan, Indonesia, Australia and Canada.

Japex was incorporated on August 8, 1966 under the laws of Canada. Japex is a wholly-owned subsidiary of Japan Exploration and was incorporated for the purpose of carrying on the business of exploring for and developing sources of crude oil and related hydrocarbons in Canada. By Assignment Agreement dated August 11, 1966, Japan Exploration assigned to Japex all of the former's interest in and to the Share Purchase Agreement and the Co-Venture Agreement and Japex assumed the obligations of Japan Exploration under the said agreements.

BUSINESS AND PROPERTY

The Company and its wholly-owned subsidiary, Baldonnel, have carried on and intend to carry on the business of exploring for, finding and producing for sale, oil, natural gas and related hydrocarbons.

Prior to entering into the Co-Venture Agreement emphasis was placed by the management of the Company on the development of shallow, low-cost, low-risk reserves with quick payouts. Accordingly, this stage of exploration was mainly concerned with negotiating farmouts in acreage offsetting or near production where the geological facts were such that the risk of drilling a dry hole was as low as possible. Farmouts satisfying these requirements were obtained by the Company in Southern Alberta, Saskatchewan and Montana. The same policy was followed by the management of Baldonnel, since its inception, and no change is presently contemplated. As a result of this policy, the Company and Baldonnel have acquired crude oil reserves estimated at 4,187,640 barrels. Particulars of these reserves are set forth under the following sub-heading Crude Oil Reserves of the Company and Baldonnel.

Crude Oil Reserves of the Company and Baldonnel

The proven reserves of the Company, with one exception, are concerned with fully-developed properties. The major part of the reserves are in the Hamilton Lake West oil field of Alberta. A unitized area for waterflood installations covering a portion of the Company's holdings in the Hamilton Lake West oil field is fully developed and within this area water injection has commenced and regular production will start when the area is fully pressurized in July or August, 1967. The maximum production rates from the unitized area will be reached in 1971. The proved developed reserves attributable to the Company's working interest in the unitized area amount to 1,734,280 net barrels. The Company also has working interests in a large amount of adjacent acreage and three outpost wells indicate the oil zone extends considerably beyond the boundaries of the present unitized area. Additional proven undeveloped reserves adjacent to the present unit are included in the accompanying table. These proven undeveloped reserves require additional drilling and an enlargement of the existing waterflood installations.

Probable reserves are calculated for three areas. In Hamilton Lake West, in addition to the estimate of proven reserves contiguous to the fully developed unitized area, some additional probable reserves are estimated which appear to be a reasonable extension of the presently proven area where the limits of the reservoir are presently undetermined. The probability is quite high, and even if a location or two proves unprofitable, it is likely that other locations will prove to be substitutes, with the large acreage controlled. These probable reserves will require development and waterflood installations. Probable reserves are allocated to the un-drilled spacing unit in the SE¼ of Sec. 3, Twp. 6, Rge. 10, W2. Probable reserves are also allocated to the

Benson properties and consist of additional reserves expected from waterflooding in areas already fully developed. These Benson properties are not sufficiently close to the water injection wells of the large water-flood unit that has been in operation in that oil field for a short time. Only minor repressuring can be expected without additional waterflooding in the immediate area. The estimated probable reserves are those anticipated when such additional waterflooding is instituted. Some capital expenditures will be involved.

Baldonnel's principal reserves are located in the Belly River formation of the Pembina field. These properties are currently producing under primary depletion. Potential water injection reserves allocable to these properties have not been included in Baldonnel's reserves, as they are classified as "possible" at this time. Baldonnel's proven reserves are those established by existing production, by adequate test and by other information on zones behind pipe in existing wells, or those existing beneath undeveloped tracts offsetting producing wells where geological control confirms presence of the reserves.

Baldonnel's probable reserves are those estimated for locations beyond proved offsets, where geological data reasonably confirm satisfactory structural and formation characteristics; and those in zones behind pipe in existing wells where data reasonably confirm the presence of these reserves but where such data are inadequate to establish proof of the productivity of the reserves. Reserves attributable to established fluid injection projects are also included.

The following table summarizes the crude oil reserves of the Company and Baldonnel.

	Company	Baldonnel
Proven developed _____	2,308,040	222,100
Proven undeveloped _____	881,620	—
Probable _____	599,080	176,800
	<hr/>	<hr/>
Total barrels _____	3,788,740	398,900

The foregoing information regarding the crude oil reserves of the Company and Baldonnel is given in reliance on the Report of W. J. McPherson Consulting Ltd., 403 Riverdale Avenue S.W., Calgary, Alberta, dated March 6, 1967 and the Report of James A. Lewis Engineering Co. Ltd., 736 Eighth Avenue S.W., Calgary, Alberta, dated March 27, 1967. These reports and the report of J. C. Sproule and Associates Ltd. referred to below and of Lee G. Morrison referred to on page 8 are available for inspection during ordinary business hours at the office of the Ontario Securities Commission.

Summary of Properties

The locations of the producing wells and non-unitized wells capable of producing in which the Company and Baldonnel have an interest are summarized in the following table:

Name of Field	Type of Ownership Interest	No. of Producing Oilwells and Non-unitized Oilwells Capable of Production	Company's Interest (Net Oilwells)
Hamilton Lake West Unit _____	Leasehold	29	4.97
Hamilton Lake West _____	Leasehold	3	.60
Benson _____	Leasehold	2	.60
Dodsland _____	Leasehold	1	.90
Midale _____	Leasehold	2	1.36
Nottingham _____	Leasehold	4	.56
Parkman _____	Leasehold	8	1.50
Steelman _____	Leasehold	2	.54
Coleville-Smiley _____	Leasehold	1	.05
Toole County _____	Leasehold	10	.31
Pembina _____	Leasehold	14	4.50
Pinto _____	Leasehold	2	1.18
Dodsland _____	Leasehold	10	3.14
		<hr/>	<hr/>
Total Oil Wells _____		88	20.21

In addition, one of the above wells in the Hamilton Lake West field (representing an 0.20 net well interest) is also an indicated natural gas well and the Company has participated in an indicated gas well in the Lake McGregor area (representing a 0.125 net well interest). Owing to the absence of development work in these areas, no natural gas reserves have been calculated with respect to these wells.

As Manager Operator under the Co-Venture Agreement, the Company has recently acquired, on behalf of itself and Japex, substantial interests in large acreage blocks in the Northwest Territories, in the Rainbow Lake area of Northern Alberta, in Central Alberta and in Saskatchewan.

Relying on the Report dated March 17, 1967 of J. C. Sproule and Associates Ltd., 1009 Fourth Avenue S.W., Calgary, Alberta, the management of the Company has made the following preliminary evaluation of the Company's major undeveloped properties which are located in the Provinces of Alberta and Saskatchewan and in the Northwest Territories, including acreage recently acquired for the Co-Venture Agreement:

Petroleum and Natural Gas Leases, Reservations and Permits _____	Gross Acres	Net Acres	Valuation
Drilling Reservations _____	1,221,071	271,952	\$757,555
	7,040	226	103,960
	<u>1,228,111</u>	<u>272,178</u>	<u>\$861,515</u>

In the opinion of J. C. Sproule and Associates Ltd. the above valuation of \$861,515 represents the value to the Company. This amount may be discounted to arrive at the fair market value representing a compromise between a buyer and a seller.

The scale of operations under the Co-Venture Agreement will, in the opinion of the Company's management, be considerably larger than that indicated by the figures of expenditures provided in the Share Purchase Agreement and the Co-Venture Agreement. For particulars of the Company's proposed exploration and development program, reference is made to the heading Use of Proceeds on page 8 of this prospectus. The properties of the Company and of Baldonnel on which no producing wells have been drilled are summarized in the following table which shows the properties acquired under the Co-Venture Agreement separately:

Geographical Area	Type of Ownership Interest	Gross Acres	Net Leasable Acres
Properties acquired prior to Co-Venture Agreement including Baldonnel properties			
Alberta			
Bigstone _____	Leasehold	3,266	406
Big Valley _____	Leasehold	320	320
Cassils _____	Leasehold	1,280	327
Chauvin _____	Leasehold	160	160
Cynthia _____	Leasehold	160	40
Edson _____	Leasehold	160	160
Hamilton Lake West _____	Leasehold	30,585	6,053
Hamilton Lake West _____	Option	2,855	571
Lacombe _____	Leasehold	960	960
Lundbreck _____	Leasehold	390	390
Pembina _____	Leasehold	160	20
Penhold _____	Leasehold	160	160
Saskatchewan			
Abbey _____	Permit	79,520	11,531
Baxterville _____	Permit	100,000	11,518
Benson _____	Leasehold	320	64
Chaplin Lake _____	Permit	99,840	14,477
Fillmore _____	Leasehold	480	44
Forget _____	Leasehold	1,280	435
Kelvindale _____	Leasehold	640	409
Kisbey _____	Leasehold	400	136
Midale _____	Leasehold	640	435
Nottingham _____	Leasehold	1,120	156
Parkman _____	Leasehold	960	831
Shackleton _____	Permit	98,880	14,337
Steelman _____	Leasehold	640	145
Weyburn _____	Leasehold	320	218
Properties acquired under Co-Venture Agreement			
Alberta			
Bowden _____	Leasehold	1,280	144
Bushe River _____	Permit	27,515	1,719
Caribou Mountain _____	Reservation	80,000	5,000
Cheddarville _____	Leasehold	4,800	540
Duhamel _____	Leasehold	320	80
Ferintosh _____	Leasehold	960	240
Fort Vermillion _____	Leasehold	42,560	5,320
Kitu _____	Leasehold	640	17
Lake McGregor _____	Leasehold	6,240	580
Nipisi South _____	Leasehold	3,520	220
Rainbow _____	Leasehold	320	20
Rainbow _____	Drilling Reservation	7,040	52
Steen River _____	Leasehold	320	20
Northwest Territories			
Blackwater Lake _____	Permit	599,538	63,700

Geographical Area	Type of Ownership Interest	Gross Acres	Net Leasable Acres
Saskatchewan			
Craik _____	Leasehold	8,117	2,029
Mosquito _____	Permit	23,045	2,880

The net crude oil production of the Company and Baldonnel, including the interest of the Company and Baldonnel in the crude oil production of any other person or company, for each of the five completed financial periods ending March 31, 1967 and for the month of April, 1967, is tabulated hereunder:

	Oil (in barrels)	Gross Sale Value
12 months ending September 30, 1963 _____	64	\$ 153
12 months ending September 30, 1964 _____	22,370	53,637
7 months ending April 30, 1965 _____	51,863	124,352
12 months ending April 30, 1966 _____	56,027	134,337
11 months to March 31, 1967 _____	60,637	143,478
1 month to April 30, 1967 _____	5,958	13,762
Total _____	196,919	\$469,719

Based on the said Report of W. J. McPherson Consulting Ltd., the projected net annual returns to the Company from the Hamilton Lake West waterflood unit, as presently constituted, after deducting royalties and operating costs are tabulated hereunder for the years 1967 to 1971, inclusive:

	Company's Share Annual of Gross Production BBLs.	Net Return Annual \$
1967 _____	14,810	11,060
1968 _____	30,030	43,530
1969 _____	37,540	59,550
1970 _____	45,040	75,000
1971 _____	51,420	86,810

Oil production is prorated by regulation in Saskatchewan and Alberta; by individual wells in Saskatchewan and by pool in Alberta. Allowables tend to be more liberal in Saskatchewan where production does not equal demand and good engineering practice is observed in establishing the production rate on a per well basis. Allowables are at present necessary in Alberta in order to prorate production from the large available reserves. The proration regulations in Alberta have been revised and the change will take place May 1, 1969. On that date prorationing will be a function of market demand for Alberta crudes and ultimate reserves (ultimate reserves are the ultimate recovery including remaining recoverable reserves and cumulative production) and the actual number of wells is significant only in terms of their ability to produce the total allowable for the pool. Hamilton Lake West is developed on wide spacing and each producing well will drain 320 acres. It is anticipated that the wells will be capable of something less than the allowable until 1990, after which the allowable will govern, but the effect will be quite minor for the first few years commencing 1990. There is a possibility that this field for special reasons such as the requirement for Hamilton Lake crudes for blending purposes, might be excluded from prorationing in which case the operating income from Hamilton Lake West will be higher in the later years.

The number of wells drilled and participated in by the Company and Baldonnel, distinguishing between producing wells and dry holes, for each of the following financial periods is tabulated hereunder:

	Producing Wells	Dry Holes
12 months ending September 30, 1963 _____	2	nil
12 months ending September 30, 1964 _____	25	3
7 months ending April 30, 1965 _____	18	11
12 months ending April 30, 1966 _____	10	8
11 months to March 31, 1967 _____	33	16
Totals _____	88	38

The amounts expended by the Company and Baldonnel during the following financial periods on drilling and exploration activities are tabulated hereunder:

12 months ending September 30, 1963 _____	\$ 1,500
12 months ending September 30, 1964 _____	366,718
7 months ending April 30, 1965 _____	263,824
12 months ending April 30, 1966 _____	154,672
11 months to March 31, 1967 _____	733,770
Total _____	\$1,520,484

In addition, the amounts expended by the Company and Baldonnel during the following financial periods for payments made for and under leases and similar interests are tabulated hereunder:

12 months ending September 30, 1963	\$ 8,039
12 months ending September 30, 1964	55,051
7 months ending April 30, 1965	7,667
12 months ending April 30, 1966	24,130
11 months to March 31, 1967	213,190
Total	\$ 308,077

1187.2 leasable acres of property were acquired by the Company within the three years immediately preceding the date of this prospectus from Ulster Petroleum Ltd., 609 Lancaster Building, Calgary, Alberta, for a consideration of \$12,162 being the cost of such property to Ulster Petroleum Ltd. and the reservation to that company of gross over-riding royalties varying from 1.25% to 5%. Messrs. R. H. O'Connor, R. C. Todd and H. M. Considine, directors or senior officers and shareholders of the Company, are also shareholders of Ulster Petroleum Ltd.

Uranium Claims Under Option

Twin City Exploration & Development Company ("Twin City"), 401 - 14th Avenue South, South St. Paul, Minnesota, is the owner of certain unpatented mining claims whereof one group of fifty-three claims is located in Mesa County and the second group of forty-four claims is located in Montrose County in the State of Colorado, both groups comprising a total area of about 1,940 acres.

Baldonnel held an option from Twin City exercisable up to March 17, 1967 to acquire the said claims under terms requiring development expenses of \$9,700 (U.S.) during 1966. Accordingly, Baldonnel expended approximately that amount in (i) drilling one hole in the south west portion of the Mesa County claims to a depth of 477 feet, and (ii) having a survey made of the South and West boundaries of such claims located in Mesa County.

The said option having expired, the Company obtained an option from Twin City exercisable up to March 17, 1968, to acquire the said claims at a price of \$97,000 (U.S.) plus a royalty of 5% of the net smelter return on all ore removed from the said claims. The current option requires development expenses of \$9,700 (U.S.) during 1967.

Lee G. Morrison, P.Eng., 1608 - 49th Avenue S.W., Calgary, Alberta, in his report dated May 18, 1967, recommends a preliminary reconnaissance drilling program at an estimated cost of about \$27,000 (U.S.). The management of the Company plans to expend during 1967 approximately \$9,700 (U.S.) in such preliminary reconnaissance drilling and in the light of the results will then decide whether or not to proceed further with such program.

USE OF PROCEEDS

Pursuant to the provisions of the Co-Venture Agreement under which the Company acts as Managing Operator, the Company intends to participate with Japex in all phases of exploration for oil and natural gas, primarily in Western Canada and the Northwest Territories. It is the opinion of the directors that it is both desirable and in the best interests of the Company to raise at this time sufficient working capital to permit the Company to participate with Japex in a one-year to 18 months' program of exploration and drilling. It is anticipated that the proceeds realized from the sale of the securities offered hereby will accomplish this purpose and that it will not be necessary to raise additional funds, during the said period, from the sale of shares.

A portion of the funds raised will be employed in a program of exploratory drilling. The exploratory program will involve the acquisition of interests in petroleum and natural gas rights in acreage which the Company's management will recommend as being most favourable for the discovery of commercial oil and gas fields. The Company and Japex may participate in these interests by methods including any or all of the following:

- (1) By acquiring Crown or freehold acreage;
- (2) By "farmouts" from other companies or individuals of prospective oil and gas properties; and
- (3) By participating with other companies in acquiring Crown or freehold acreage or in the exploration of "farmout" acreage.

Up to \$143,000.00 of the funds raised will be applied in payment of the Company's share of the cost of drilling development wells on the properties owned by the Company in the Hamilton Lake West area and up to \$73,320.00 will be applied in payment of the Company's share of the cost of drilling development wells on the properties owned by the Company in the Parkman area.

The Company may also participate in oil and/or gas transmission lines which could be favourable to the development of the Company's properties; however, the management has at the date of this prospectus no plans with respect to the same.

The net proceeds from the sale of the 750,000 Shares offered hereby, estimated at \$1,087,500, will be used in the carrying out of the above program over a period estimated at eighteen months, to pay liabilities, to meet the cost of development expenses on the said mining claims, the cost of acquisition thereof, if the Company exercises its option to acquire such mining claims, and for general administrative expenses. Pending the use of the net proceeds in this way, the unexpended moneys will be invested in trustee securities or held on deposit with the Company's bankers.

CAPITALIZATION

	Authorized	Outstanding March 31, 1967	Outstanding May 31, 1967	To be outstanding if all securities being offered are sold
Bank Advances to Company _____		\$ 230,109	622,647	218,871
Bank Advances to Baldonnel _____		93,484	90,151	86,818
Promissory Notes				
Due within one year _____		446,138	445,869	17,596
Due over one year _____		174,227	174,227	40,227
Shares without nominal or par value				
Number of Shares _____	7,000,000	1,940,000	2,275,000	3,275,000
Amount _____	\$10,000,000	\$ 751,003	\$ 885,003	\$2,335,003

Note (1): Includes 500,000 of the shares offered by this prospectus and 500,000 shares to be purchased by Japex but does not include the 250,000 shares under option to the Underwriters or the shares, not to exceed an aggregate of 250,000 shares, to be purchased by Japex within one year, pursuant to the agreements referred to under the sub-heading Further Agreements with Japex on page 3 of this prospectus.

Shares Heretofore Sold for Cash

Particulars of shares sold for cash to date are:

Number of Shares	Price per Share	Commissions Paid
3	\$1.00	Nil
599,998(1)	.01	Nil
149,999	.06- $\frac{2}{3}$	Nil
50,000	.13	Nil
125,000(2)	.20	Nil
425,000	.40	Nil
300,000	.60	Nil

Note (1): Of these shares Mr. R. C. Todd purchased 200,000 and each of Messrs. R. H. O'Connor and H. M. Considine purchased 199,999.

Note (2): 50,000 of these shares were purchased by Mr. R. C. Todd.

Note (3): Reference is made to the sale of shares by Messrs. Todd, O'Connor and Considine under the subheading "Share Purchase Agreement", on page 2.

Shares Heretofore Issued for Consideration Other Than Cash

In the exercise of a share purchase warrant issued by the Company to CED, 375,000 shares have been issued as fully paid at the price of 40¢ per share which was satisfied by setting off a 5% note for \$150,000 payable by the Company to CED. Reference is made to page 4 with respect to the shares of the Company issued in exchange for all the outstanding shares of Baldonnel.

THE SHARES

The shares offered by this prospectus are shares without nominal or par value. Any and all of such shares, when issued, shall be deemed to be fully paid and non-assessable and the holder of any such shares is not liable to the Company or its creditors in respect thereof. All dividends, declared by the directors, shall be paid to shareholders in proportion to the number of shares held by them.

Every shareholder present at a meeting of shareholders is entitled, on a show of hands, to one vote and on a poll to one vote for each share held by him. All of such shares, when issued, rank equally for purposes of liquidation, distributions to shareholders and all other purposes; and the rights of the holders of such shares can be modified only (i) by the creation, by special resolution, of shares with preferred or other special rights, whether in regard to dividend, voting, return of capital or otherwise, as may be determined by such special resolution or (ii) by special resolution, confirmed by an order of the Supreme Court of Alberta, varying the rights attached to such shares without nominal or par value. Such a special resolution means a resolution passed at a general meeting of the shareholders of the Company of which not less than twenty-one days' notice specifying the intention to propose the resolution has been given, and by a majority of not less than three-fourths of the shareholders, voting in person or by proxy, at such meeting.

DIVIDEND RECORD

No dividends have been paid on any shares of the Company since the date of its incorporation.

DIRECTORS AND OFFICERS

Name	Address	Office
Kiyoshi Yoshida	No. 4, 1-Chome, Ohtemachi, Chiyoda-Ku, Tokyo, Japan	President and Director
Dr. Toshiro Tamano	Ste. 7-230-21st Avenue S.W., Calgary, Alberta	Senior Vice-President and Director

Isamu Kato	2006 Sundial Apartments 835 - 6th Avenue S.W., Calgary, Alberta	Vice-President, Treasurer, Assistant Secretary and Director
Takeshi Sakurauchi	1101 The United Kingdom Building, 409 Granville Street, Vancouver 2, British Columbia	Director
Robert Campbell Todd	Sub. P.O. 46, Calgary, Alberta	Vice-President and Director
Robert Howard O'Connor	3033 Sixth Street S.W., Calgary, Alberta	Vice-President and Director
Hugh Mackay Considine	740 - 15th Avenue S.W., Calgary, Alberta	Director
John McGillvray Johnson	320 - 39th Avenue S.W., Calgary, Alberta	Secretary and Director
Allan Laird	Suite 914 - 1111 West Hastings Street, Vancouver 1, British Columbia	Director.

The principal occupations, within the five preceding years, of each director and officer are as follows:

Kiyoshi Yoshida has been a Director of Japan Petroleum Exploration Co. Ltd. and, since 1966, has been a Managing Director.

Dr. Toshiro Tamano has been employed by Japan Petroleum Exploration Co. Ltd. as Vice-Chief Overseas Department.

Isamu Kato has been a Vice-President and Treasurer of the Company since September, 1966 and previously was employed by Japan Petroleum Exploration Co. Ltd. as Vice-Chief in the office of the President until his appointment in March, 1966 as Acting Chief in the office of the President.

Takeshi Sakurauchi has been Manager of the Vancouver Branch of Mitsui and Company.

Robert Campbell Todd has been a Vice-President and Director of the Company since 1965 and previously was successively Chief Geologist for Jefferson Lake Petrochemicals of Canada Ltd. and Vice-President and Director of Kodiak Petroleums Ltd.

Robert Howard O'Connor has been a Vice-President and Director of the Company.

Hugh Mackay Considine has been a partner in the firm of McDonald & Considine, Barristers and Solicitors, Calgary, Alberta.

John McGillvray Johnson has been employed as an associate by the firm of Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton, Barristers and Solicitors, Calgary, Alberta.

Allan Laird was employed by Shell Canada Ltd., subsequently as Treasurer and Director of Duff-Mackay Equipment Ltd. and has been an Assistant Vice-President of Canadian Enterprise Development Corporation Limited since 1965.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration paid by the Company to senior officers of the Company (i) during the last financial year of the Company ended March 31, 1967 was \$41,000 and (ii) for the period from April 1, 1967 to May 31, 1967 was \$10,000, and no remuneration was paid to directors of the Company as such during either of those periods. The aggregate remuneration estimated to be paid or payable by the Company during the current financial year, to senior officers of the Company who individually are entitled or may be entitled to receive remuneration in excess of \$10,000 per annum during the current financial year, is \$54,000, and, to directors of the Company as such is nil. No pension or retirement benefits are payable to officers or directors except under the Canada Pension Plan.

OPTIONS

The material provisions of options to purchase from the Company shares without nominal or par value of its capital stock, which are outstanding as of May 31, 1967, are set forth in the following table. There are no options outstanding with respect to any other securities of the Company, except the option on 250,000 shares, to be granted to the Underwriters pursuant to the Underwriting Agreement referred to under the heading, DISTRIBUTION, on page 4 of this prospectus.

Optionee	No. of Shares	Price Per Share	Expiration Date
Certain directors and senior officers (1)	100,000	\$1.35	December 31, 1976
Certain other employees (1)	52,500	\$1.35	December 31, 1976
Japex (2)	(2)	(2)	(2)

Note (1): On November 18, 1966 options totalling 152,500 shares were granted to certain directors, officers and employees. Under the terms of the option agreements one-fifth of the shares may be purchased after December 1st in each of the years 1967 to 1971, inclusive, the right to purchase being cumulative and, unless sooner exercised or terminated by termination of employment, continuous until December 31, 1976. The option price per share is \$1.35.

Note (2): Japex is the holder of promissory notes of the Company, bearing interest at 6% per annum, details whereof are as follows:

Dated	Principal Amount	Due
December 6, 1966	\$225,000	June 6, 1967
December 29, 1966	\$138,000	June 29, 1967
March 1, 1967	\$ 65,000	June 1, 1967

Under the terms of a loan agreement dated December 2, 1966 and a further agreement dated April 13, 1967, both amended by a supplemental agreement dated May 29, 1967, all made between the Company and Japex, it was agreed (i) that to the extent the sums owing on either of the said two first-mentioned notes are not paid in full upon due presentation for payment, the Company will allot and issue treasury shares to Japex at the price of 80¢ per share, payment being made by setting off the unpaid balance on the said two notes against the purchase price of such shares; (ii) that, notwithstanding the foregoing, if an agreement between the Company and an established Canadian underwriter for the underwriting of an issue of at least 500,000 shares of the capital stock of the Company is entered into prior to the due date of either of the said two notes, and if such underwriting transaction is closed within 90 days thereafter, the time for payment of such two notes shall be extended until the closing date; (iii) Japex subscribed for, and agreed to pay at the time of closing of such underwriting, 500,000 shares without nominal or par value of the capital stock of the Company, at the price of \$1.45 per share, and thereby authorized and directed the Company to apply all sums, including interest, owing to Japex by the Company as of the date of such closing pursuant to the said two first-mentioned notes, after deducting therefrom all sums then owing by Japex to the Company on current account, towards payment of the subscription price for the said 500,000 shares and agreed to deliver to the Company at such closing Japex's certified cheque for the remaining balance of such subscription price.

By letter dated June 15, 1967, addressed by Japex to the Company, Japex extended the time for payment of the said note for \$65,000 to the date of closing of the said underwriting and authorized and directed the Company to apply the principal of and interest accrued on such note toward payment of the subscription price of the said 500,000 shares subscribed for by Japex.

PRINCIPAL HOLDERS OF SHARES

As of May 31, 1967,

- (a) the number of shares without nominal or par value of the capital stock of the Company owned of record or beneficially by each person or company who owned of record, or was known to the Company to own beneficially, directly or indirectly, more than 10 per cent of such shares, and the respective amounts and percentages owned are shown in the following table:

Name and Address	Type of Ownership	Number of Shares Owned	Percentage of Class
Japex Canada Limited, 7th Floor, Petroleum Building, Calgary, Alberta	Of record and beneficially	1,163,000	51.1 %
CED, Sun Life Building, Montreal, Quebec	Of record and beneficially	337,000	14.8 %

- (b) the number of shares of the capital stock of the Company or any of its parents or its subsidiaries, other than directors' qualifying shares, beneficially owned, directly or indirectly, by all directors and senior officers of the Company, as a group, are as follows:

Number of Shares Beneficially Owned	Percentage of Class
308,300	13.55%

The following table shows 500,000 of the shares offered by this prospectus, the shares now owned by Japex and to be purchased by Japex, at the time of purchase by the Underwriters of said 500,000 shares, the shares now owned by directors and senior officers as a group, the shares now owned by Sponsors other than directors and senior officers, the shares now owned by CED and the shares now owned by the public expressed as percentages of the issued shares to be outstanding after the issuance of all such shares.

	Number of Shares	Percentage of issued shares on completion of all transactions
500,000 shares offered by this prospectus	500,000	15.3%
Shares now owned by Japex and 500,000 shares to be purchased by Japex as aforesaid	1,663,000	50.8%
Shares now owned by directors and senior officers as a group (1)	308,300	9.4%
Shares now owned by Sponsors other than directors and senior officers (1)	100,000	3.0%
Shares now owned by CED	337,000	10.3%
Shares now owned by the public	366,700	11.2%
Total Shares to be outstanding	3,275,000	100%

Note (1): 400,000 of these 408,300 shares are subject to the Share Purchase Agreement referred to under the heading Material Contracts.

No shares have been issued or are to be issued for property or services and no shares have been issued or will be issued to any promoter or underwriter as such.

PRIOR SALES

Prices at which shares of the capital stock of the Company have been sold within the past twelve months prior to the date of this prospectus, or are to be sold by the Company, and the number of shares sold at each price are:

375,000 shares at 40 cents per share,
300,000 shares at 60 cents per share,
Not less than 1,000,000 shares and not more than 1,500,000 shares (including the shares
offered by this prospectus) at \$1.45 per share.

AUDITORS

The Company's auditors are Peat, Marwick, Mitchell & Co., Chartered Accountants, 7th Floor, 309 - 8th Avenue S.W., Calgary, Alberta.

AUDITORS' REPORT

To the Directors,
Pinnacle Petroleums Ltd.

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Pinnacle Petroleums Ltd. and subsidiary company as at March 31, 1967 and the consolidated statements of earnings, deficit and source and application of funds for the eleven months ended March 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet presents fairly the financial position of the company and its subsidiary company consolidated as at March 31, 1967;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the company and its subsidiary company consolidated as at March 31, 1967 after giving effect to the changes set forth in Notes 1 to 5 in the heading;
- (c) The accompanying consolidated statements of earnings and deficit present fairly the results of operations of Pinnacle Petroleums Ltd. and its subsidiary company consolidated for the eleven months ended March 31, 1967;
- (d) The accompanying consolidated statement of source and application of funds presents fairly the sources and uses of funds of Pinnacle Petroleums Ltd. and its subsidiary company consolidated for the eleven months ended March 31, 1967;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
June 26, 1967

Peat Marwick Mitchell & Co.
(Signed) PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

AUDITORS' REPORT

To the Directors,
Pinnacle Petroleums Ltd.

We have examined the statements of earnings and deficit for the thirty-one months ended April 30, 1966 and the statement of source and application of funds for the period from date of incorporation, September 8, 1959 to April 30, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying statements of earnings and deficit present fairly the results of operations of Pinnacle Petroleums Ltd. for the thirty-one months ended April 30, 1966;
- (b) The accompanying statement of source and application of funds presents fairly the sources and uses of funds of Pinnacle Petroleums Ltd. for the period from date of incorporation, September 8, 1959 to April 30, 1966;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
June 26, 1967

Purdy, Giles, Wyllie and Co.
(Signed) PURDY, GILES, WYLLIE AND CO.
Chartered Accountants

NOTES TO CONSOLIDATED BALANCE SHEET

MARCH 31, 1967

1. PRINCIPLES OF CONSOLIDATION

The consolidated balance sheet includes the accounts of Pinnacle Petroleum Ltd. and those of Baldonnel Oil & Gas Ltd.

Under date of December 16, 1966 Pinnacle made an offer of 250,000 of its shares to the shareholders of Baldonnel to acquire all the shares of that company on the basis of one fully paid share without nominal or par value of Pinnacle in exchange for each 6.8328 shares without nominal or par value of Baldonnel. The offer was contingent on acceptance by at least 90% of the shareholders of Baldonnel. This percentage was obtained by December 31, 1966 and all of the shareholders of Baldonnel subsequently accepted the offer. For purposes of these statements, control is deemed to have been acquired on December 31, 1966. The excess of the purchase price of the shares of Baldonnel, being the amount ascribed to shares of Pinnacle given in exchange for all of the outstanding shares of Baldonnel, over the underlying net book value of the shares of Baldonnel at December 31, 1966 is \$131,569 and has been added, on consolidation, to petroleum and natural gas properties and has been depleted on consolidation since January 1, 1967.

In the case of Pinnacle all costs and expenses of exploring for and developing oil and natural gas reserves are capitalized and depleted over the productive lives of the properties on a composite unit of production method. Baldonnel provided for depletion of producing oil properties on a unit of production basis by wells to December 31, 1965. For the year ended December 31, 1966 and for the three months ended March 31, 1967 Baldonnel provided for depletion on a basis similar to that used by Pinnacle. This change in the method of providing for depletion commenced January 1, 1966 and no retroactive adjustments were made.

2. 6% NOTES PAYABLE

The 6% notes payable in the amount of \$428,000 represent monies advanced by the parent company Japex Canada Limited. Details of these notes are as follows:

Dated	Principal Amount	Due
December 6, 1966	\$225,000	June 6, 1967
December 29, 1966	138,000	June 29, 1967
March 1, 1967	65,000	June 1, 1967

Under the terms of a loan agreement dated December 2, 1966, and a further agreement dated April 13, 1967, both amended by supplemental agreement dated May 29, 1967, all made between Pinnacle and Japex Canada Limited, it was agreed that (i) to the extent the sums owing on either of the said two first-mentioned notes are not paid in full upon due presentation for payment, Pinnacle would allot and issue treasury shares to Japex Canada Limited at a price of 80 cents per share, payment being made by setting off the unpaid balance on such notes against the purchase price of such shares; (ii) if an agreement between Pinnacle and an established Canadian Underwriter for the underwriting of an issue of at least 500,000 shares of the capital stock of Pinnacle is entered into prior to the due date of either of the said two first-mentioned notes, and if such underwriting transaction is closed within 90 days thereafter, the time for payment of the said notes shall be extended until the closing date; (iii) Japex subscribed for and agreed to purchase from the Company, simultaneously with the closing of the said underwriting, 500,000 shares without nominal or par value of the capital stock of Pinnacle; (iv) the price of all of such shares to be the net underwriting price; and (v) Japex thereby authorized and directed Pinnacle to apply all sums, including interest, owing to Japex by Pinnacle as of the date of the said closing pursuant to the aforesaid two notes, after deducting therefrom all sums then owing by Japex to Pinnacle on current account, towards payment of the subscription price for the said shares to be issued to Japex.

By letter dated June 15, 1967, Japex agreed to extend the maturity of the said note for \$65,000 to the closing of the said underwriting and that payment of this note would be satisfied by setting off the amount of the principal thereof and interest accrued thereon against the price of the shares to be purchased by Japex as aforesaid.

3. BANK LOANS

Pinnacle and Baldonnel have pledged certain producing oil properties and revenue therefrom in accordance with Section 82 of the Bank Act as security for these loans. Although the loans are payable on demand, under the agreed terms of repayment approximately \$100,000 will be required to be repaid in the next twelve months.

4. 5% NOTE PAYABLE

Under date of March 31, 1965, the company entered into certain financial arrangements with Canadian Enterprise Development Corporation Limited under which the Company borrowed \$150,000 for the following consideration:

- (1) Issuance of a promissory note dated March 31, 1965 with interest at 5% payable quarterly maturing March 31, 1970 subject to call for payment of a maximum of \$75,000 per annum commencing April 1, 1968;
- (2) Issue of a share purchase warrant giving the right to purchase all or any part of 375,000 shares in the company's capital stock at 40 cents per share to be paid either in cash or by offset, against the above mentioned promissory note, such warrant to be exercisable on or before March 31, 1968.

During the eleven months ended March 31, 1967 the warrant was exercised to the extent of 40,000 shares and the promissory note payable was reduced by \$16,000 in payment thereof. This warrant was fully exercised on April 13, 1967.

5. CAPITAL STOCK

Shares in the capital stock of the Company have been issued as follows:

For cash:	
3 shares	\$ 3
599,998 shares	6,000
149,999 shares	10,000
50,000 shares	6,500
125,000 shares	25,000
425,000 shares	170,000
300,000 shares	180,000
1,650,000 shares	397,503
40,000 shares, out of the share warrant held by Canadian Enterprise Development Corporation Limited payment satisfied by a reduction in a promissory note payable	16,000
250,000 shares, issued in exchange for all of the issued shares of Baldonnel Oil & Gas Ltd.	337,500
1,940,000	<u>\$751,003</u>

At March 31, 1967 there was outstanding a share warrant exercisable on or before March 31, 1968 which if exercised will require the company to deliver 335,000 shares in the company's capital stock at 40 cents per share. This warrant was fully exercised on April 13, 1967.

Options totalling 152,500 shares have been granted to certain directors, officers and employees. Under the terms of the option agreements one fifth of the shares may be purchased after December 1st in each of the years 1967 to 1971 inclusive, the right to purchase being cumulative and, unless sooner exercised or terminated by termination of employment continuous until December 31, 1976. The price per share has been fixed by the directors at \$1.35.

The Company has granted an option to the underwriter to purchase all or any part of 250,000 shares on or before 30 days from the date of closing at a price of \$1.45 per share. Japex Canada Limited has signed an undertaking dated April 13, 1967, as amended, to purchase, within one year of the closing, at the price of \$1.45 per share additional shares equal in number to those issued through the exercise of the option to the underwriter referred to above.

6. COMMITMENTS

Under agreement dated June 10, 1966 Japex and Pinnacle agreed forthwith to enter into a co-venture agreement subject to the necessary yearly approvals of the Government of Japan, whereby Japex shall prior to December 31, 1971 invest \$3,750,000 under such co-venture agreement and shall also advance, to Pinnacle either by way of loan or as payment for shares or evidences of indebtedness of Pinnacle to the extent necessary to enable Pinnacle to meet its corresponding obligations under the co-venture agreement, sums not exceeding in the aggregate \$1,250,000.

The Company has obtained an option exercisable up to March 17, 1968 to acquire mining claims in Colorado, U.S.A. The option requires development expenses of \$9,700 (U.S.) during 1967. The purchase price of the claims is \$97,000 (U.S.) plus a royalty of 5% of the net smelter return on all ore removed from the claims.

The Company is co-signor, with its parent company, of a note payable in the amount of \$179,861. Only 25% of the amount of the note, representing the Company's interest in the asset acquired, is included in the accompanying consolidated balance sheet.

PINNACLE PETROLEUMS LTD. AND SUBSIDIARY COMPANY CONSOLIDATED STATEMENT OF EARNINGS (NOTE 1) For the Forty-Two Months ended March 31, 1967

	Year ended September 30, 1964	7 months ended April 30, 1965	Year ended April 30, 1966	11 months ended March 31, 1967	11 months ended March 31, 1966 (unaudited)
Revenue:					
Crude oil sales	\$ 7,188	10,684	38,673	114,843	34,586
Interest and other income	—	1,861	2,928	2,526	1,666
Total revenue	7,188	12,545	41,601	117,369	36,252
Expenses—net:					
Operating expenses	4,420	6,923	21,765	52,640	19,250
Lease rentals	1,844	—	—	—	—
Technical services and supplies	1,756	1,730	3,636	14,063	3,362
Engineering and geological	12,945	—	8,033	—	7,565
Depreciation of office equipment	—	160	903	2,419	828
Depreciation of production equipment	3,376	4,776	15,911	38,973	14,585
Depletion	1,220	1,820	6,620	33,640	5,918
Mining claims exploration expenses written off	—	—	—	8,347	—
General administrative:					
Salaries and employee benefits	2,714	2,653	26,528	100,051	23,205
Provision for bad debts	—	—	—	2,000	—
Business promotion and travel	2,675	1,246	10,653	16,904	8,536
Corporate expense	557	—	1,930	543	1,573
Professional fees	2,247	3,542	5,837	41,772	3,503
Telephone and telegraph	1,415	1,267	2,867	9,409	2,372
Taxes and insurance	614	210	271	4,639	125
Office rentals and expenses	3,895	2,570	8,238	35,525	7,545
Interest — long term	—	617	7,500	22,326	6,898
Other	1,083	3,647	6,411	4,721	5,795
Expenses recovered from Japex Canada Limited	—	—	—	(100,650)	—
	40,761	31,161	127,103	287,322	111,060
Less engineering fees	6,400	—	15,900	51,199	14,486
Total expenses—net	34,361	31,161	111,203	236,123	96,574
Net loss before the following special charge	27,173	18,616	69,602	118,754	60,322
Provision for decline in market value of refundable deposits	—	—	5,117	1,389	—
Net loss	\$27,173	18,616	74,719	120,143	60,322

PINNACLE PETROLEUMS LTD. AND SUBSIDIARY COMPANY CONSOLIDATED STATEMENT OF DEFICIT For the Forty-Two Months ended March 31, 1967 (Note 1)

	Year ended September 30, 1964	7 months ended April 30, 1965	Year ended April 30, 1966	11 months ended March 31, 1967	11 months ended March 31, 1966 (unaudited)
Balance at beginning of period	\$ —	28,068	46,684	121,403	46,684
Prior years' deferred operating expense	895	—	—	—	—
Net loss for the period	27,173	18,616	74,719	120,143	60,322
Balance at end of period	\$28,068	46,684	121,403	241,546	107,006

See accompanying notes.

PINNACLE PETROLEUMS LTD. AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS (NOTE 1)

	For the period from date of incorporation, September 8, 1959 to September 30, 1963	For the year ended September 30, 1964	For the 7 months ended April 30, 1965	For the year ended April 30, 1966	For the 11 months ended March 31, 1967	For the 11 months ended March 31, 1966 (unaudited)
Source of funds:						
Proceeds from sales of shares of capital stock	\$ 6,003	41,500	50,000	120,000	533,500	120,000
Notes payable	—	—	150,000	—	40,227	—
Bank loan	—	—	73,000	—	112,253	—
Repayment of non-current accounts receivable ..	—	—	—	19,609	—	19,609
Total source of funds	6,003	41,500	273,000	139,609	685,980	139,609
Use of funds:						
Net loss for the period	—	27,173	18,616	74,719	120,143	60,322
Less expenses not requiring an outlay of cash:						
Depletion	—	1,220	1,820	6,620	33,640	5,918
Depreciation	—	3,376	4,936	16,814	41,392	15,413
Deferred financial expenses written off	—	—	—	2,143	—	2,143
Mining claims exploration expenses written off	—	—	—	—	8,347	—
	—	4,596	6,756	25,577	83,379	23,474
Use of funds on operations	—	22,577	11,860	49,142	36,764	36,848
Net assets of subsidiary company acquired	—	—	—	—	337,373	—
Petroleum and natural gas properties	9,540	71,873	59,540	122,584	922,935	111,012
Production and other equipment	—	16,879	25,434	41,753	175,801	23,370
Drilling and other deposits	—	3,500	3,628	447	17,009	447
Advances to affiliated companies	—	2,454	102	—	—	—
Incorporation expenses	1,236	540	—	—	1,540	—
Non-current accounts receivable	—	11,890	5,163	—	—	—
Deferred development expenses	895	—	—	—	—	—
Deferred financial expenses	—	—	2,143	—	—	—
Reduction in bank loans	—	—	—	30,000	—	28,500
Reduction in note payable for shares issued	—	—	—	—	16,000	—
	11,671	107,136	96,010	194,784	1,470,658	163,329
Total use of funds	11,671	129,713	107,870	243,926	1,507,422	200,177
Increase (decrease) in working capital	\$ (5,668)	(88,213)	165,130	(104,317)	(821,442)	(60,568)

See accompanying notes

PINNACLE PETROLEUMS LTD. AND SUBSIDIARY COMPANY
NOTES TO CONSOLIDATED STATEMENTS OF EARNINGS, DEFICIT AND
SOURCE AND APPLICATION OF FUNDS (NOTE 1)

For the Forty-two Months Ended March 31, 1967

1. Pinnacle Petroleum Ltd. was incorporated under the laws of the Province of Alberta on September 8, 1959 as a private company and became a public company on October 18, 1962. All expenses to September 30, 1963 were capitalized and those representing general and administrative expenses to that date amounting to \$895 were written off to deficit during the year ended September 30, 1964.

As of December 31, 1966 Pinnacle Petroleum Ltd. acquired all of the outstanding shares of Baldonnel Oil & Gas Ltd. and paid for same by the issue of 250,000 fully paid and non-assessable shares of Pinnacle at a stated price of \$1.35 per share. The excess of the purchase price over the underlying net book value of the shares of Baldonnel at December 31, 1966 amounting to \$131,569 has on consolidation been added to petroleum and natural gas properties and has been depleted on consolidation since January 1, 1967.

The operating results as set out in the Consolidated Statements of Earnings and Deficit for the eleven months ended March 31, 1967 include those of Baldonnel for the period January 1 to March 31, 1967.

The information set out in the Consolidated Statement of Source and Application of Funds includes those of Baldonnel for the period January 1 to March 31, 1967.

2. The Companies follow the full cost method of accounting wherein all costs relative to the exploration for development of oil and natural gas reserves whether productive or non-productive are capitalized.

3. Depreciation is provided on the straight line method at rates estimated to extinguish the asset values over their useful lives.

4. Depletion is provided by the individual company on a composite unit of production basis calculated on the overall cost expended to discover the reserves in relation to proven reserves based on engineers' estimates.

5. Statements of earnings previously prepared for the thirty-one months ended April 30, 1966 are at variance with those now presented. The original statements contained no provision for depletion, and depreciation was provided only on the office equipment for the year ended April 30, 1966. The results of providing depletion and the additional depreciation have increased the net loss as follows:

Year ended September 30, 1964 — \$4,596.

Seven months ended April 30, 1965 — \$6,756.

Year ended April 30, 1966 — \$22,531.

RIGHTS OF WITHDRAWAL AND RESCISSION

With respect to any of the securities covered by this prospectus which are offered in the Province of Ontario, The Securities Act, 1966 (Ontario) confers on a purchaser in certain circumstances:

- (a) the right to withdraw from the contract to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the prospectus or amended prospectus is received or deemed to have been received by the purchaser or his agent;
- (b) the right to rescind the contract to purchase such security by commencing an action within ninety days from the date of such contract or the date on which the prospectus or amended prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to Sections 63 and 64 of The Securities Act, 1966 (Ontario) for the complete text of the provisions under which the foregoing rights are conferred.

CALGARY, JUNE 26, 1967

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Section 45 of The Securities Act, 1955 (Alberta), by Section 42 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible.

(Signed) R. C. TODD
Chief Executive Officer and Director

(Signed) ISAMU KATO
Chief Financial Officer and Director

On behalf of the Board of Directors,

By (Signed) R. H. O'CONNOR
Director

K. YOSHIDA
T. TAMANO
T. SAKURAUCHI
A. LAIRD

} by their agent
(Signed) ISAMU KATO

By (Signed) H. M. CONSIDINE
Director

(Signed) JOHN M. JOHNSON
Directors

CERTIFICATE OF THE UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the Securities Act of the Province of British Columbia, by Section 45 of The Securities Act, 1955 (Alberta), by Section 42 of The Securities Act (Saskatchewan), by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder, by the Securities Act (Quebec) and by Section 13 of the Securities Act (New Brunswick), and there is no further material information applicable other than in the financial statements or other reports where required or exigible.

Bongard, Leslie & Co. Ltd.

Per: (Signed) W. R. TAPRELL

The following list includes the names of all persons having an interest either directly or indirectly to the extent of not less than 5% in the capital of Bongard, Leslie & Co. Ltd.: S. K. Bongard, G. R. Bongard, F. W. Graham, R. R. Johnson and G. E. A. McCain.

39. (Continued)

TAKESHI SAKURAUCHI has been Manager of the Vancouver Branch of Mitsui and Company.

ROBERT CAMPBELL TODD has been a Vice-President and Director of the Company since 1965 and previously was successively Chief Geologist for Jefferson Lake Petrochemicals of Canada Ltd. and Vice-President and Director of Kodiak Petroleum Ltd.

ROBERT HOWARD O'CONNOR has been a Vice-President and Director of the Company.

HUGH MACKAY CONSIDINE has been a partner in the firm of McDonald & Considine, Barristers and Solicitors, Calgary, Alberta.

JOHN MCGILLIVRAY JOHNSON has been employed as an associate by the firm of Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton, Barristers and Solicitors, Calgary, Alberta.

ALLAN LAIRD was employed by Shell Canada Ltd., subsequently as Treasurer and Director of Duff-Mackay Equipment Ltd. and has been an Assistant Vice-President of Canadian Enterprise Development Corporation Limited since 1965.

40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.

Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.

The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing, are as follows:

1. Share Purchase Agreement

Pursuant to an agreement (the "Share Purchase Agreement") made as of June 10, 1966, between Japan Petroleum Exploration Co. Ltd. ("Japan Exploration"), of the first part, certain shareholders of the Company including Messrs. R. H. O'Connor, R. C. Todd and H. M. Considine (the "Sponsors"), of the second part, Canadian Enterprise Development Corporation Limited ("CED"), of the third part, and the Company of the fourth part, Japex Canada Limited ("Japex"), a wholly-owned subsidiary of Japan Exploration and the assignee of all the right, title and interest of Japan Exploration in and to the Share Purchase Agreement, acquired at the price of 60 cents per share from the Sponsors and CED a total of 863,000 shares, (whereof Messrs. O'Connor, Todd and Considine each sold 100,000 shares) being approximately 50.1% of the total shares of the capital stock of the Company then issued or reserved for issuance.

In and by the Share Purchase Agreement, it was further provided, amongst other things, as follows:

- (a) Japan Exploration was granted the option, exercisable on or before December 31, 1966, to purchase a further 300,000 treasury shares of the capital stock of the Company at a price of 60 cents per share (which option was duly exercised by Japex);
- (b) Japan Exploration and the Company agreed forthwith to enter into the Co-Venture Agreement, (hereinafter mentioned) and that, subject to necessary yearly approvals of the Government of Japan, Japan Exploration, prior to December 31, 1971, shall invest \$3,750,000 under such Co-Venture Agreement and shall also advance to the Company, either by way of loan or as payment for shares or evidences of indebtedness of the Company, to the extent necessary to enable the Company to meet its corresponding obligations under the Co-Venture Agreement, sums not exceeding in the aggregate \$1,250,000;
- (c) in the event that at any time prior to December 31, 1971 the Company proposes to sell any additional shares (other than the said 300,000 optioned shares) Japan Exploration, CED and each of the Sponsors shall have the right to purchase such shares in the proportions in which they then own shares of the Company at the price at which such shares are proposed to be sold; and, in the event that any one of such parties declines to purchase his proportion of such shares, the other parties shall have the right to purchase proportionately the shares which such party has the right to purchase and does not wish to purchase (Japex, CED and each of the Sponsors waived such right to purchase 750,000 shares offered by the Company's prospectus dated June 26, 1967);
- (d) Japan Exploration, CED and each of the Sponsors severally agreed, each with the other, that in the event, prior to December 31, 1971, it or he desires to sell any of its or his shares in the Company, it or he will first offer to sell such shares to the others of such parties in proportion to their respective holdings of shares in the Company; and, in the event that any one of such parties declines to purchase his proportion of such shares, the other parties shall have the right to purchase proportionately the shares which such party has the right to purchase and does not wish to purchase, all subject to the provisions specified therein; and
- (e) conditions precedent to the obligations of the parties to the Share Purchase Agreement were, amongst others, that the approval of the Government of Japan thereto should be obtained (and it was so obtained) and that the said Co-Venture Agreement should be duly executed and delivered by the parties named therein.

2. Co-Venture Agreement

The said Co-Venture Agreement (the "Co-Venture Agreement") was duly made as of June 10, 1966, between Japan Exploration and the Company and was assigned by Japan Exploration to Japex on August 11, 1966, and it was thereby agreed, amongst other things, as follows:

- (a) Japex and the Company thereby constituted, established and joined in a joint venture for the purposes of prospecting and exploring for oil and gas in Western Canada, and acquiring and developing oil and gas properties, all in accordance with the terms and provisions therein set forth;

<p>40. (Continued)</p>	<p>(b) the Company was thereby designated Managing Operator of and for the joint venture subject to all of the terms and provisions of the Joint-Venture Agreement;</p> <p>(c) except as otherwise therein provided, the parties thereto shall contribute to the fund required for the purposes of carrying on the joint venture as thereby constituted, bear all costs and expenses and burdens incurred thereunder, and hold and own all assets, rights and interests whatsoever arising therefrom or operations thereunder, all in the following respective undivided shares or interests:</p> <table data-bbox="793 377 1293 429"> <tr> <td>Japex</td> <td>75%</td> </tr> <tr> <td>the Company</td> <td>25%;</td> </tr> </table> <p>(d) annually, prior to the beginning of each calendar year during the term thereof, the Company shall submit to Japex its proposed operating program for such calendar year; annually, after the coming into force of this agreement and at the beginning of each calendar year during the term thereof, Japex shall, having some regard to the proposed operating program for that calendar year previously submitted by the Company, designate the sum of money which is to be available for its participating interest share of the Co-Venture Fund for such calendar year, such sum in no event to be less than \$500,000 subject to necessary approval of the Government of Japan, and such designation shall determine the total amount of the Co-Venture Fund for that calendar year;</p> <p>(e) in the course of the operation of such joint venture, the Company may not, on behalf of the joint venture, make or enter into agreements or arrangements with third parties, acquire or dispose of contractual rights or working interests, make any payments of money which may be occasioned thereby from the Co-Venture Fund, or initiate the drilling of wells for the joint venture without the prior agreement of Japex, and, in the event of any failure to agree, the decision of Japex with reference to any such matters shall be final and binding on both parties;</p> <p>(f) except for the operation and development of lands held by the Company as of the date on which the Joint-Venture Agreement came into force, the Company shall not carry on the business of acquiring, exploring or developing oil and gas properties in Western Canada other than as part of the joint venture (With the agreement of Japex the Company has recently acquired and is presently exploring certain properties outside the terms of the Co-Venture Agreement);</p> <p>(g) Japex shall at all times be free to acquire oil and gas properties in Western Canada and elsewhere, and to carry on the oil and gas business in all its facets in Western Canada or elsewhere, for its own account or with others, but in any event not subject in any way to this agreement, provided only, however, that any such acquisition and business shall be subject to the obligation of Japex to commit funds approved for expenditure in Canada by the Government of Japan to the Co-Venture Fund to the extent to which Japex has agreed so to do;</p> <p>(h) the Co-Venture Agreement shall remain in effect from the date upon which it comes into force until December 31, 1971, or such later dates as may be agreed to by the parties thereto, at which time any surplus amount in the Co-Venture Fund shall be distributed to the parties thereto in accordance with their respective participating interests; and</p> <p>(i) the Co-Venture Agreement shall not come into force prior to the written approval of the Government of Japan (which written approval was duly granted on August 5, 1966).</p>	Japex	75%	the Company	25%;
Japex	75%				
the Company	25%;				
<p>41. Any other material facts not disclosed in the foregoing.</p>	<p>None.</p>				

42. STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL
AS OF JULY 31ST, 1967

FREE STOCK		SHARES	SHARES
(a)	Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees).	1,119,600	
(b)	Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees.	none	
Total free stock			1,119,600

ESCROWED OR POOLED STOCK			
(c)	Held in escrow or pool as set out in Item 19 of this application.		2,405,400
Total issued capital			3,525,000

RECORD OF SHAREHOLDERS			
Number of registered shareholders holding shares in class (a) above			410
Number of registered shareholders holding shares in class (b) above			none
Number of registered shareholders holding shares in class (c) above			8

43. STATEMENT SHOWING NUMBER OF SHAREHOLDERS
AS OF JULY 31ST, 1967

Number				Shares
127	Holders of	1	— 100 shares	11,679
201	" "	101	— 1000 "	84,157
24	" "	1001	— 2000 "	36,878
14	" "	2001	— 3000 "	37,174
6	" "	3001	— 4000 "	20,686
11	" "	4001	— 5000 "	51,922
35	" "	5001	— up "	3,282,504
418 Stockholders				Total Shares 3,525,000

Dated at Calgary the 16th day of August, 1967.



PINNACLE PETROLEUMS LTD.
R. H. O'CONNOR,
Vice-President

ISAMU KATO,
Vice-President & Treasurer

FINANCIAL STATEMENTS

PINNACLE PETROLEUMS LTD. AND BALDONNEL OIL & GAS LTD.

CONSOLIDATED BALANCE SHEET — UNAUDITED

AS AT JUNE, 1967

ASSETS

	30 June, 1967 Consolidated	Projected To 21 July, 1967
CURRENT ASSETS		
Cash	\$ 11,616	\$ 996,116
Accounts Receivable	166,521	166,521
Advances to Parent Company	272,637	272,637
Prepaid Expenses	4,469	4,469
	<u>\$ 455,243</u>	<u>\$1,439,743</u>
NON-CURRENT ASSETS		
Refundable Deposits	\$ 63,862	\$ 63,862
Excess Investment in Subsidiary	131,569	131,569
Investment in P.&N.G. Properties	\$1,835,802	
Less Accumulated Depreciation (Note 2)	193,229	1,642,573
	<u>1,642,573</u>	<u>1,642,573</u>
Office Equipment	\$ 22,620	
Less Accumulated Depreciation (Note 2)	3,892	18,728
	<u>18,728</u>	<u>18,728</u>
Other Assets	4,518	4,518
	<u>\$1,861,250</u>	<u>\$1,861,250</u>
	<u>\$2,316,493</u>	<u>\$3,300,993</u>

LIABILITIES AND CAPITAL

	30 June, 1967 Consolidated	Projected To 21 July, 1967
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 484,124	\$ 524,124
Current Portion of Bank Loans — Production	500,000	100,000
Notes Payable — Current Portion	446,138	18,138
	<u>\$1,430,262</u>	<u>\$ 642,262</u>
NON-CURRENT LIABILITIES		
Bank Loan — Production	\$ 202,355	\$ 202,355
Notes Payable — Non-Current	40,467	40,467
	<u>\$ 242,822</u>	<u>\$ 242,822</u>
CAPITAL		
Capital Stock		
Authorized 7,000,000 Shares Without Par Value		
Issued 2,275,000 Shares — 3,525,000 July 21/67	\$ 885,003	\$2,697,503
	<u>\$2,558,087</u>	<u>\$3,582,587</u>
Deficit Exhibit 'B'	241,594	281,594
	<u>\$2,316,493</u>	<u>\$3,300,993</u>

APPROVED ON BEHALF OF THE BOARD:

R. H. O'CONNOR, Director

ISAMU KATO, Director

PINNACLE PETROLEUMS LTD. AND BALDONNEL OIL & GAS LTD.
CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT — UNAUDITED
FOR THE THREE MONTHS ENDED 30 JUNE, 1967

INCOME

Sales of Crude Oil		\$ 53,005
Less: Royalties Paid		9,240
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Less: Well Operating Expense		\$ 43,765
									16,805
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Management Fees:									\$ 26,960
Drilling	\$ 2,412	
Production	4,150	6,562
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									\$ 33,522
General and Administrative Expense	\$88,627	
Less: Recovered from Parent Company	49,282	39,345
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NET LOSS; Note 2		\$ 5,823
Deficit 31 March, 1967		\$235,771
DEFICIT 30 JUNE, 1967		<u>\$241,594</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE THREE MONTHS ENDED 30 JUNE, 1967

FUNDS PROVIDED FROM:

Increase in Bank Loan	\$400,000
Operating Loss	(5,823)
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									\$394,177

FUNDS EXPENDED FOR:

Growth Expenditures:									
Co-Venture	\$ 46,850
Non Co-Venture	14,925
Office Furniture and Equipment	846
Advances to Subsidiary	—
Repayment of Debt	22,478
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INCREASE IN WORKING CAPITAL	<u>\$309,078</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 30 JUNE, 1967,
AND FOR PROJECTION TO 21 JULY, 1967

- NOTE 1: The projection gives effect only to the following transactions which occurred on 21 July, 1967:
1. The issue of 500,000 shares for cash to Japex Canada Limited for a consideration of \$725,000.
 2. The repayment to Japex Canada Limited of 6% Notes Payable in the amount of \$428,000.
 3. The issue of 750,000 shares to an underwriter for a consideration of \$1,087,500.
 4. The repayment to a bank of working capital loans in the amount of \$400,000.
 5. The accrual of Legal, Accounting and other expenses of financing estimated at \$40,000 charged to Deficit.
- NOTE 2: The Financial Statements do not include a provision for Depletion or Depreciation for the three months ended 30 June, 1967.

